

# Scaling on Purpose: A Framework for Builders Who Want to Grow

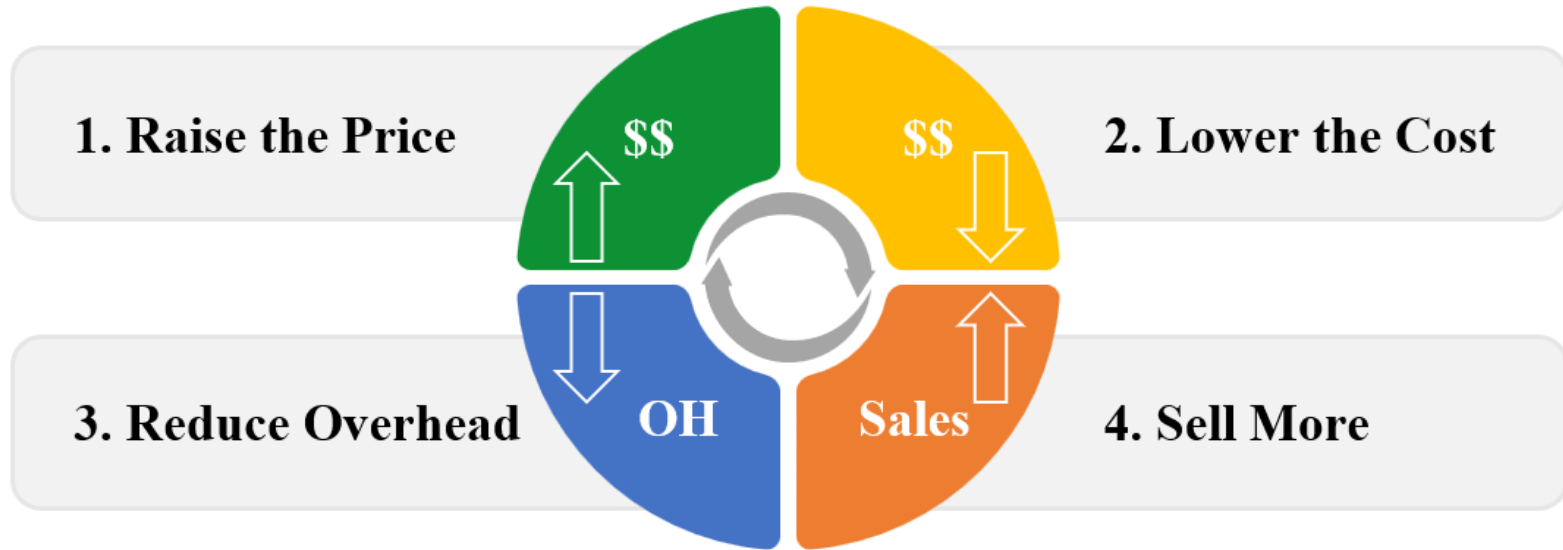
Presented by Al Trellis



# Introduction & Overview

## The Big Picture

Only 4 Ways to Increase Profits



# Why Are we Here?



**Why grow?  
The motivations  
and myths**



**Top-line vs.  
bottom-line  
growth**



**Finding your  
'sweet spot'**



**Scaling smart,  
not just big**

# Why Are we Here?



**Ego Growth:**  
*'Bigger means better'*  
(False)



**Survival Growth:**  
*'I must grow or die'*  
(Partial truth)



**Strategic Growth:**  
*'I grow to create  
opportunity, resilience,  
and impact'*  
(Truth)

# Top Line vs. Bottom Line Growth

- ▶ **\$10M company @ 15% = \$1.5M profit**
- ▶ **\$20M company @ 8% = \$1.6M profit** (twice the stress for \$100K more)
- ▶ **'Revenue is vanity, profit is sanity, cash is reality'**

## Three Real Builders

**Builder A: \$9.6M Volume, Lots of Customization, \$1.1M Profit = 11.45%**  
**Builder B: \$53M Volume, Less Customization, \$11.3M Profit = 21.2%**  
**Builder C: \$80M Volume, Lots of Customization, \$7.1M Profit = 8.9%**



# The Happiness Factor



**Growth brings  
complexity and  
stress**



**Money alone  
doesn't measure  
success**



**What's  
your personal  
'enough'?**

# Find the Right Size for YOU

- ▶ **Right size = financial comfort + life satisfaction + cultural health**
- ▶ **The Growth–Satisfaction Matrix:  
Too Small/Overstretched/Just Right/Coasting**



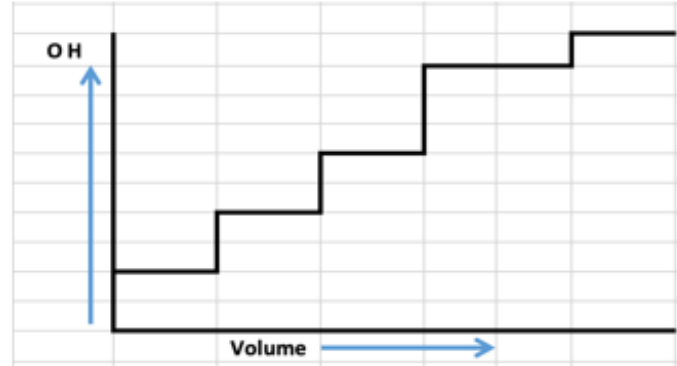
# The Decision to Grow

**Now that you've defined WHY growth matters, let's explore HOW growth behaves—and how to manage it intelligently**



# The Physics of Growth

- ▶ **Complexity grows exponentially with size**
- ▶ **Communication lines:**  
**5 people = 10 connections;**  
**10 people = 45**
- ▶ **Scale structure before people**
- ▶ **Understand that Overhead is a Step Function**




# The Functions of a Home Building Company

 **Vision**

 **Purchasing**

 **Sales**

 **Leadership & Strategic Planning**

 **Pricing**

 **Administration & Customer Selections**

 **Land Acquisition & Development**

 **Finance**

 **Human Resources**

 **Product Development**

 **Accounting**

 **Construction Management**

 **Estimating**

 **Marketing**

 **Warranty**

# Three Types of Growth



**Financial: margins,  
mix, cash flow**

Top line Growth vs.  
Bottom Line Growth



**Operational:  
processes,  
waste**



**Strategic:  
new markets,  
products**

# Common Growth Traps



**Overhead  
creep**



**Cash-flow  
strain**



**Management  
lag**



**YOU NEED TO  
UNDERSTAND**

Fixed vs. Variable Costs  
and How Scale Changes  
the Relationship  
Between Them

# Law of Diminishing Returns

- ▶ **Beyond a point, 'more' adds less and less profit**
- ▶ **Margins compress, satisfaction drops**



# Growth Readiness Self-Assessment



**Do I have the  
people?**



**The processes?**



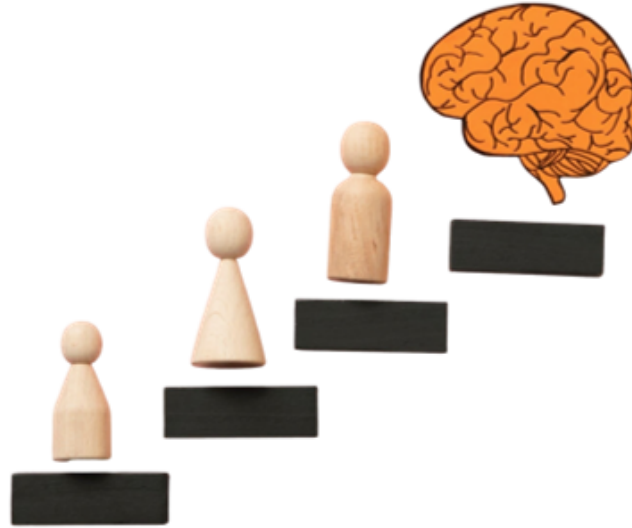
**The capital?**



**Growth is all  
about  
Constraints**

# Leadership Evolution

- ▶ **Doer → Delegator → Developer → Designer of the business**
- ▶ **'If your business depends on you, it's not a business—it's a job'**



# The Founders Identity Trap

- **The hardest part of scaling a home building company is not Financial**
- **It is not Operational**
- **It is not finding land or labor or capital**



**The Hardest Part is the Evolution Required of the Owner**

# Vision & Values as Compass



**Growth without  
direction = drift**



**Define what  
you want to be  
known for**



**Align every  
decision  
with values**

# Organizational Design for Scale

- ▶ **Clarify roles, reporting lines and decision rights**
- ▶ **Pre- and post-growth structures differ**



# Organizational Design for Scale

## RACI

- ▶ **Responsible** - Does the Work, Hands on the Task
- ▶ **Accountable** - Owns the Outcome, Makes Final Decisions, Answers for Results
- ▶ **Consulted** - Provides Input Before Decisions are Made
- ▶ **Informed** - Kept in the Loop After Decisions are Made

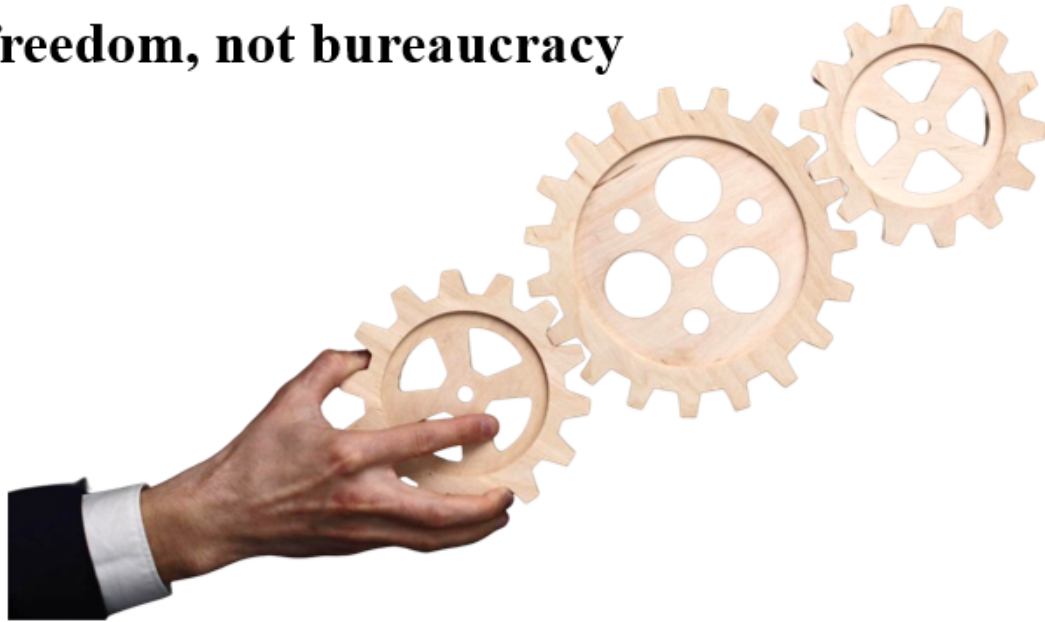
**There can be Multiple R's - BUT ONLY ONE A**

# The Two Constructions

- **Every builder is engaged in two constructions simultaneously**
- **Building houses: the craft of turning plans into homes**
- **Building a company: creating the systems, people and capabilities that make those homes possible at scale**
- **Excellence at one does not guarantee competence at the other – and most builders discover this painfully**

# Systems Thinking

- ▶ Identify recurring tasks → systemize → measure → improve
- ▶ SOP's create freedom, not bureaucracy



# Technology & Tools

- ▶ **CRM, scheduling, estimating, accounting integration**
- ▶ **Use data to predict delays, costs, satisfaction**



# Financial Infrastructure

- ▶ **Three non-negotiables:**
  - 1. Job costing**
  - 2. Variance tracking**
  - 3. Timely reporting**
- ▶ **'Revenue is vanity, profit is sanity, cash is reality'**



# Human Capital Strategy

- ▶ **Hire for potential, not just experience**  
A before E
- ▶ **Train future leaders**
- ▶ **Retention = engagement**  
+ **recognition**  
+ **growth**



# Strategic Niching

- ▶ **Do less, better**
- ▶ **Focus where you can dominate**
- ▶ **Examples: builder in 55+ niche, supplier focusing on high-end SKU's**



# Power of Partnerships

- ▶ **Builders + Trades + Suppliers thrive together**
- ▶ **Trust and shared forecasting stabilize volume and pricing**



# Process Standardization



**SOP's**



**Checklists**



**Policies and  
Protocols**



**Every task  
teachable,  
trackable,  
defined**

# Brand & Reputation as Force Multipliers

- ▶ **Strong brand = pricing power + recruiting advantage**
- ▶ **Reputation accelerates scaling with less marketing**

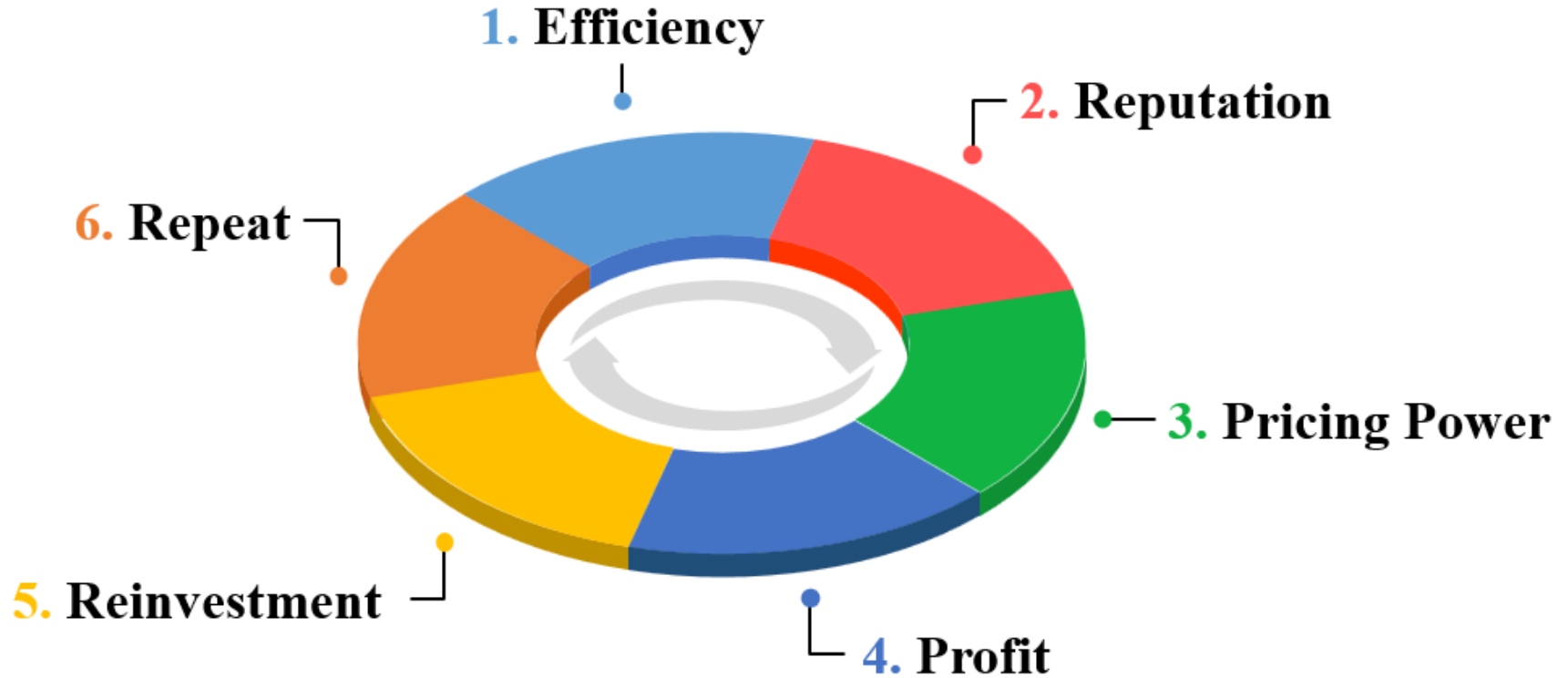


# Measuring What Matters

- ▶ **KPI's: Margin Percentage, Cycle time, Turnover, Satisfaction**
- ▶ **Track performance, not just activity**



# Profitability Flywheel



# Recognizing & Managing Plateaus

- ▶ **Signs: Missed Deadlines, Burnout, Flat Profits**
- ▶ **Breakthrough: Clarify structure, Empower leaders, Reinvest wisely**
- ▶ **Remember: Every Cost is an Expense BUT, Not Every Expense is a Cost. Some are Investments**

# Case Study – The Builder Who Grew Too Fast

- ▶ **\$5M → \$20M in 2 years → chaos**
- ▶ **Lessons: grow structure before sales**
- ▶ **Polaris: a Philadelphia Story**
  - From \$0 to \$39M in 3 years,  
HOW?
  - Structure in Place Before we Began,  
HOW?



# Your Growth Game Plan



**Define your 'why'.  
Choose growth  
type**



**Build systems  
before scale**



**Track happiness/  
satisfaction  
as a KPI**

# Closing Message – Redefine Success

- ▶ **Scaling isn't about getting bigger—it's about getting better**
- ▶ **'What size makes you successful \*and\* satisfied?'**



## Understanding Scale — A Guide for Home Builders

Strategic Framework

### Understanding Scale

#### A Guide for Home Builders

By Al Trellis and Atlas by Real Torch

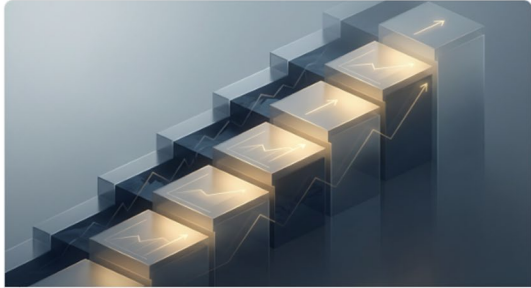
#### Introduction: The Myth of Linear Growth

There is a persistent myth in business thinking that growth is linear. The assumption runs deep: adding resources produces proportional results, twice the people means twice the output, and scaling up is simply a matter of multiplication. This myth is comforting because it suggests predictability, implying that growth is a smooth ramp where you just keep climbing.

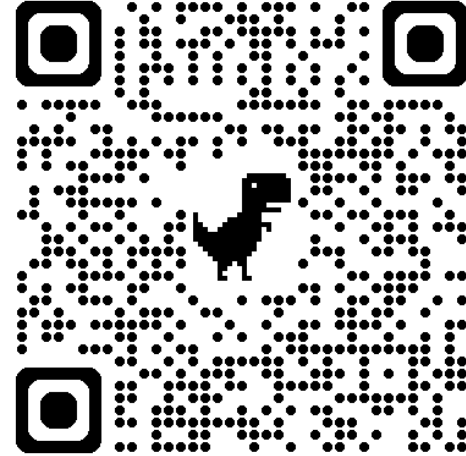
Home builders know better, even if they have never articulated it. They have felt the reality in their operations. They have added a crew member and watched productivity drop. They have hired an assistant for an overloaded superintendent only to find that the superintendent now spends half his time managing the assistant. They have opened a second community expecting to double sales and discovered that two communities selling twelve homes each somehow require more than twice the effort of one community selling twelve.

The truth is that efficiency does not scale smoothly but moves in steps. There are plateaus where resources align with output and everything works, and there are valleys between those plateaus where additional resources create friction, coordination overhead, and diminishing returns.

Understanding this pattern and learning to navigate it is one of the most practical skills a builder can develop.



Scale moves in steps: plateaus of efficiency separated by valleys of friction.



# Speaker Details



**Al Trellis**



**Home Builders Network**

*Making a difference in the housing industry*

6200 Georgetown Blvd., Suite F • Eldersburg, MD 21784  
301.829.6549 • Mail@HBNnet.com • www.HBNnet.com